

# Federal Transportation Stimulus Overview

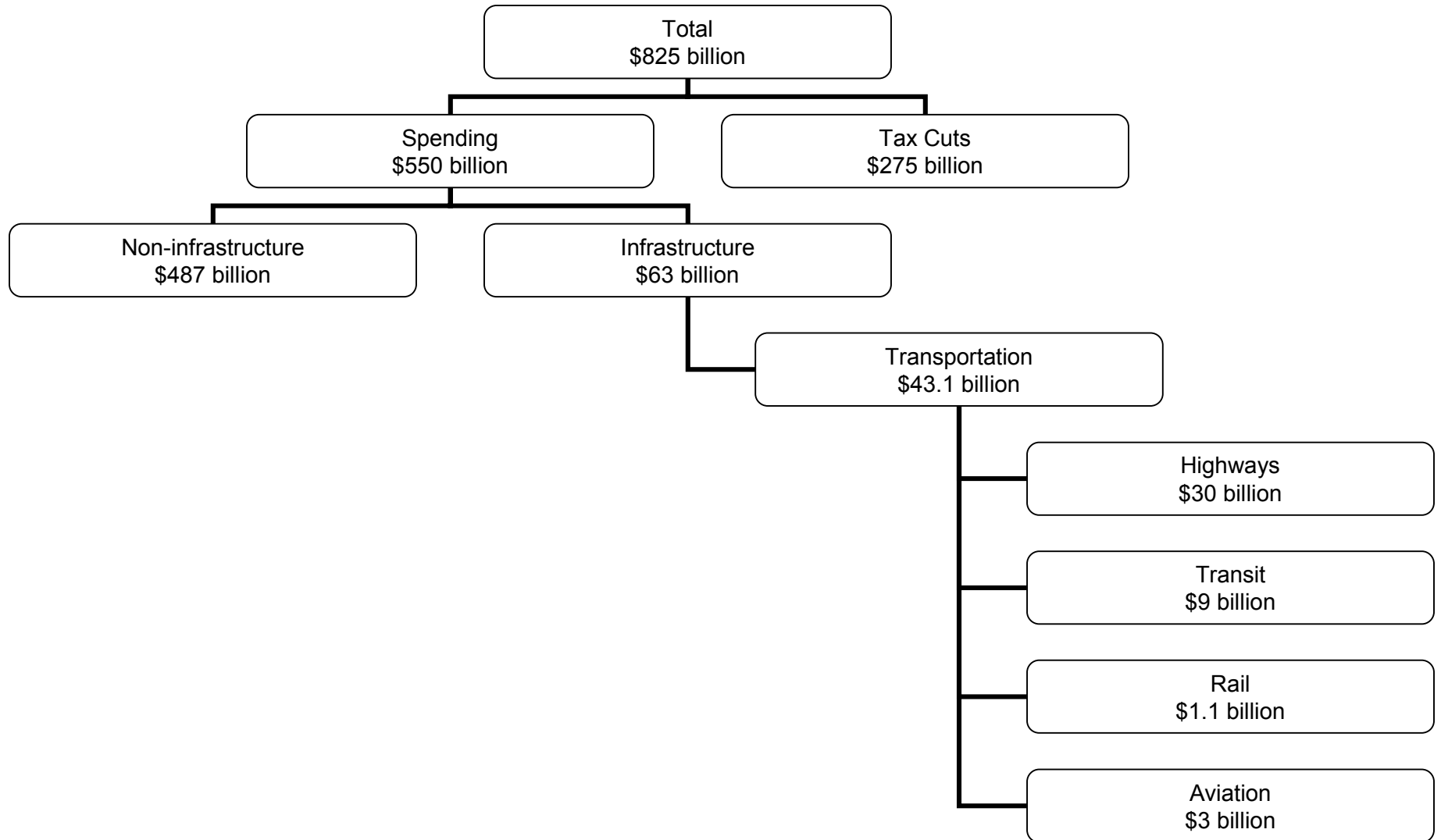
# American Recovery and Reinvestment Act of 2009

- General
  - Enactment timeframe – February 16
  - Purpose is jobs
  - Infrastructure is key component
  - Tight deadlines for obligating, awarding, and/or contracting funds. Varies by program.

# American Recovery and Reinvestment Act of 2009

- Fund administration
  - 100 percent money (except aviation)
  - Formula distribution
  - Suballocation requirements
  - Use it or lose it
  - Supplement vs. supplant
  - Must meet federal regulations
- Accountability/transparency requirements

# Overall Distribution



# Iowa's Eligibility

	<b>Highways \$30 billion</b>	<b>Transit \$9 billion</b>	<b>Rail \$1.1 billion</b>	<b>Aviation \$3 billion</b>
<b>Eligible Purposes</b>	Funding for a wide range of improvements on the federal aid system, including trail projects	Transit capital: \$6b Fixed guideways: \$2b* New starts: \$1b*	Amtrak: \$800 m* Intercity passenger rail: \$300 m	Airport improvement program
<b>Federal Agency</b>	Federal Highway Administration	Federal Transit Administration	Federal Railroad Administration	Federal Aviation Administration
<b>Distribution Method</b>	Existing obligation authority formula	Formula to urban and rural programs	Competitive grants	Competitive grants to airports; five percent match required
<b>Iowa's Share</b>	\$353 million	\$31.5 million	Unknown	Unknown

\* Iowa not eligible or will likely not receive funding

# Highway Funding Suballocation

<b>House Proposal</b>	<b>Iowa Process</b>
Iowa DOT: \$263.7 million	Iowa DOT: \$235.4 million
Locals: \$89.4 million	Locals: \$117.7 million
Total: \$353.1 million	Total: \$353.1 million

# Road Use Tax Fund (RUTF) Overview and TIME-21 Update

# RUTF History

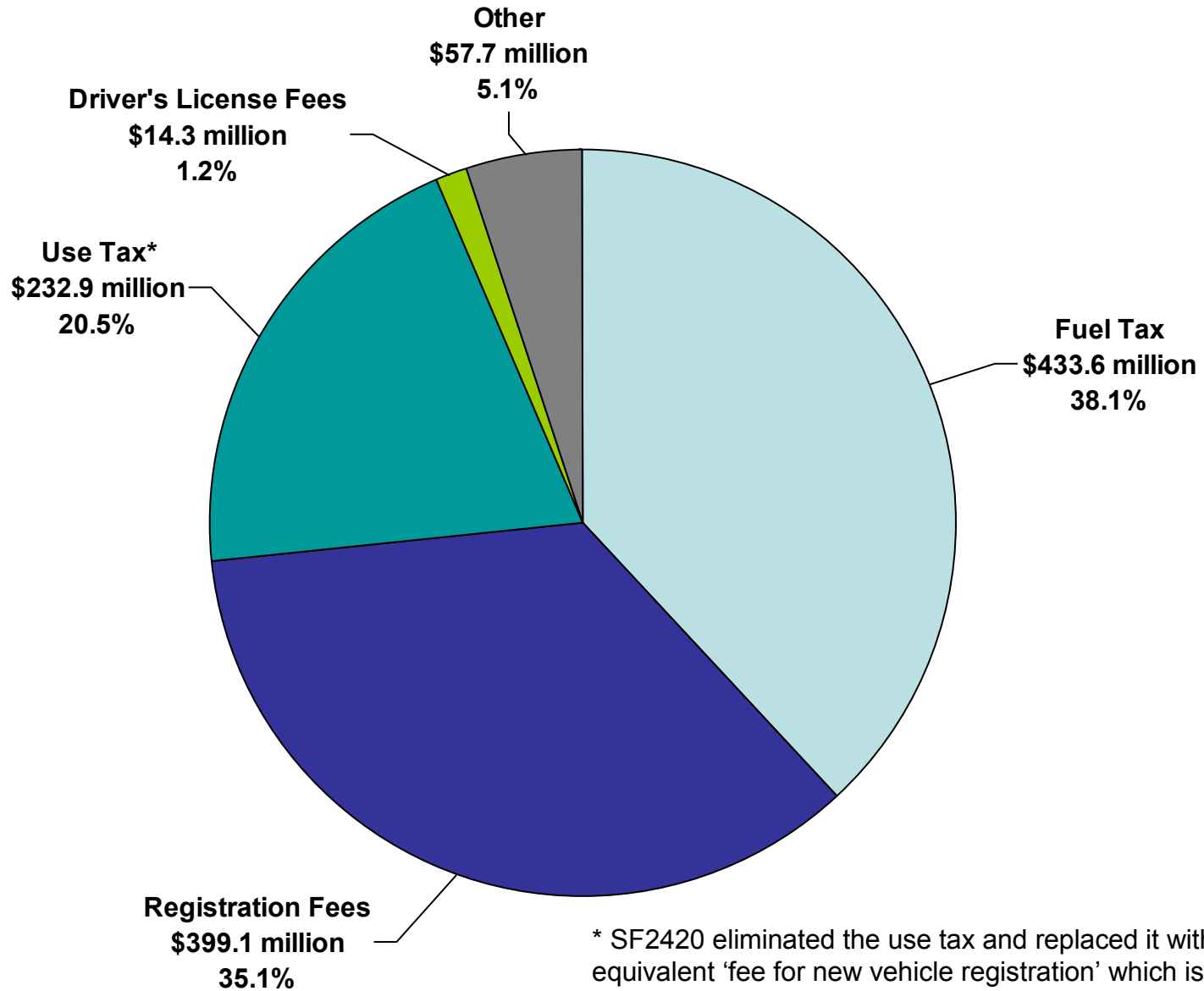
- RUTF formally established in 1949 – total revenue approximately \$48 million
- Last change in revenue mechanism (not including TIME-21): 1989
- Last change in funding distribution: 1990
- Non-roadway off-the-tops eliminated in the 1990s
- Additional Constitutional protection legislated in 2008 – “shall be used exclusively for the construction, maintenance and supervision of the public highways”



# RUTF Revenue Sources

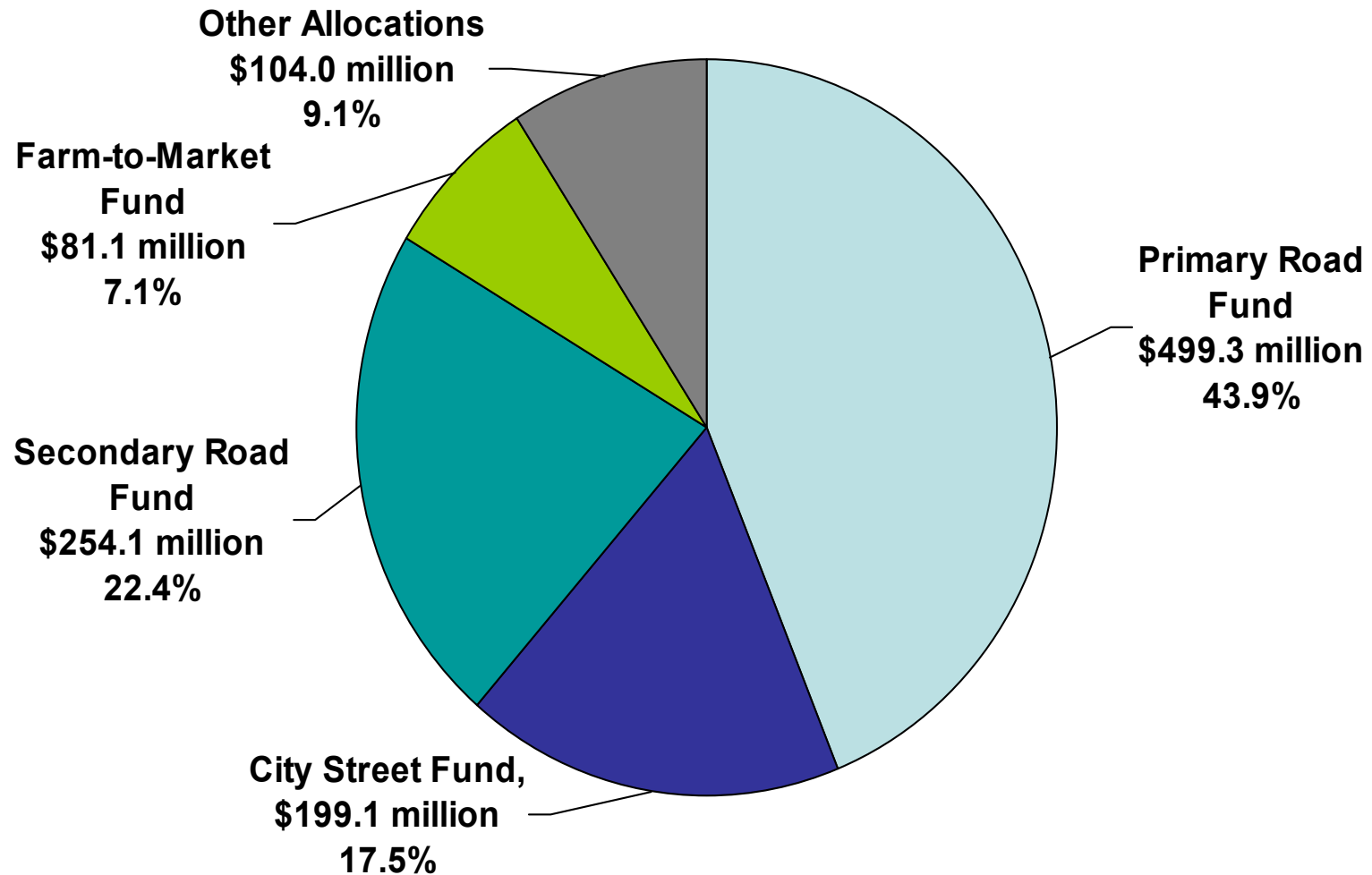
- Fuel tax (constitutionally protected)
- Vehicle registration fees (constitutionally protected)
- Fee for new vehicle registration (constitutionally protected)
  - Prior to FY 2009, the ‘fee for new vehicle registration’ did not exist; however, an equivalent revenue mechanism called the use tax existed. Use tax revenue did not have constitutional protection.
- Other registration fees (e.g. trailer, travel-trailer, etc.)
- Driver’s license fees
- Title fees
- Miscellaneous other fees and interest

# RUTF Revenue – FY 2008

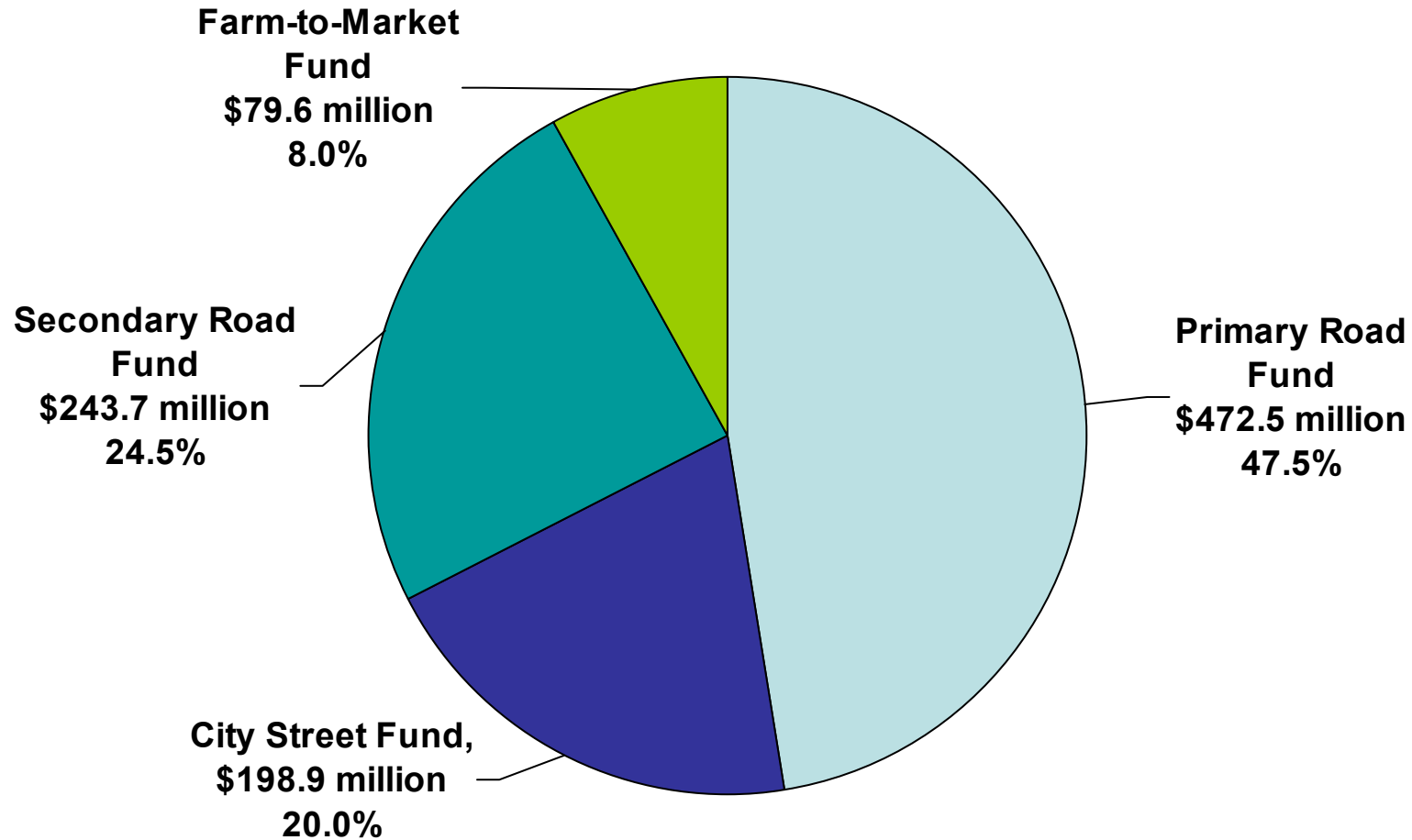


\* SF2420 eliminated the use tax and replaced it with an equivalent 'fee for new vehicle registration' which is constitutionally protected.

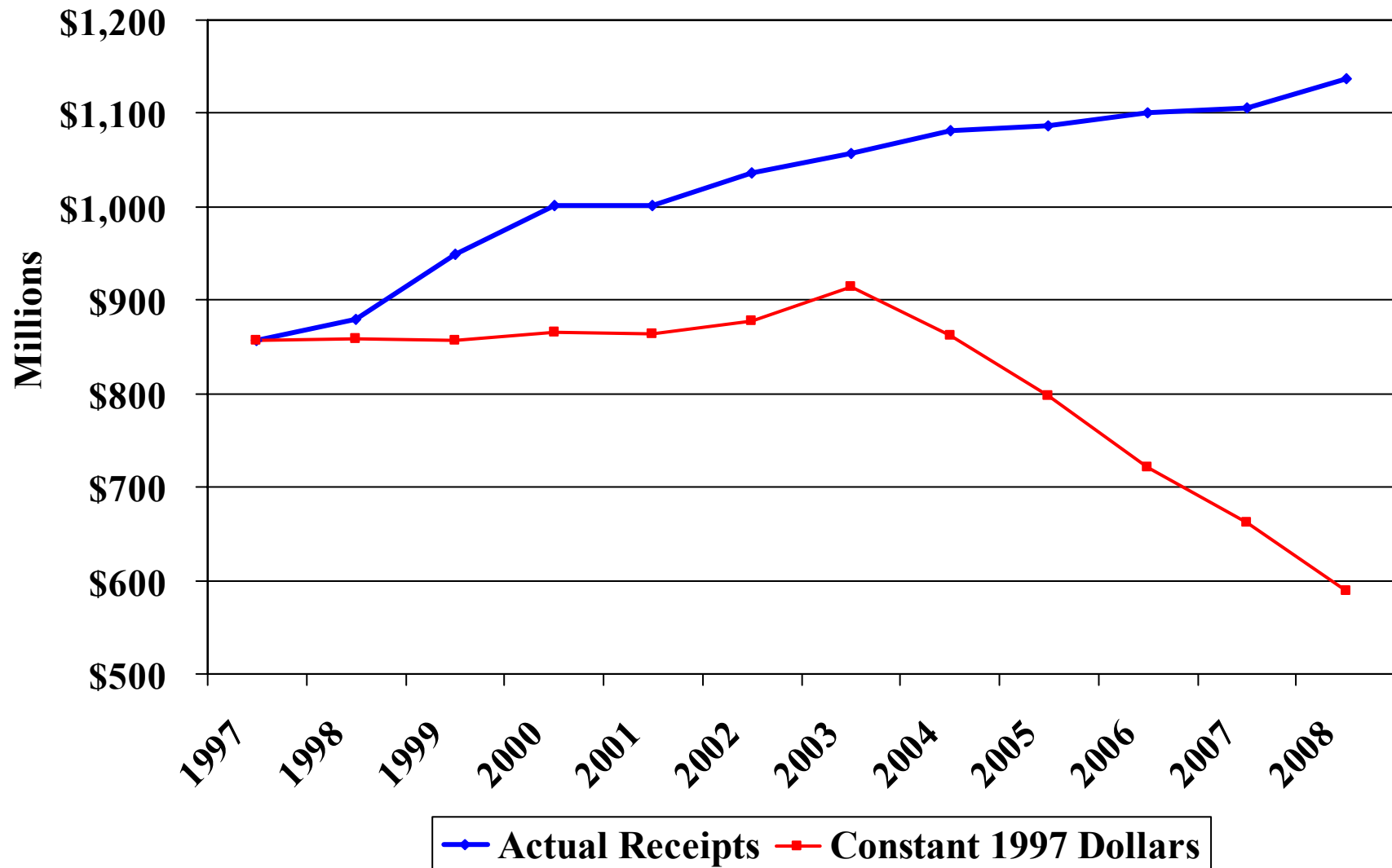
# RUTF Distribution – FY 2008



# RUTF Formula Distribution – FY 2008



## History of Road Use Tax Revenue (1997 – 2008)



# RUTF Committee

- Created in 2002 consisting of DOT, city and county officials
- Study ways to increase efficiency
- Recommendations adopted by legislature in 2003
  - Transfer of jurisdiction
  - Small city jurisdictional responsibility
  - Reduced maintenance standards for low-volume county roads

# DOT Actions

(from 2000 to present)

- Reduced workforce by 11 percent
- Reduced number of organizational divisions from 7 to 5
- Reduced resident construction offices from 20 to 13
- Reduced resident maintenance offices from 22 to 17
- Reduced maintenance garages from 140 to 113
- Reduced equipment fleet size
- Reduced mowing
- Automated multiple processes
- Created a combined worker classification to increase efficiency

# RUTF Study

- Legislatively mandated study (2005)
- Submitted December 29, 2006
- Identified long-term construction and maintenance needs for all public roads and sufficiency of existing revenues to meet those needs.
- Identified a funding shortfall of \$27.7 billion over 20 years to meet all existing and future needs.
- Identified a critical need funding shortfall of \$4 billion over 20 years, or \$200 million annually
- Recommended creation of a TIME-21 Fund to be supported with \$200 million in additional funding phased-in over two years (beginning FY 2008)



# Status

- HF 932 signed by Governor on May 25, 2007
  - Created TIME-21 Fund
  - Defined distribution and targeting of fund
    - 60 percent to DOT: For use on access-Iowa highways, CIN highways (priority to projects around renewable fuel developments), and Interstate highways.
    - 20 percent to Counties: For use on county road bridges and on farm-to-market roads (priority for projects that support economic development and job creation).
    - 20 percent to Cities: To improve and sustain the city street system.
  - Required regular review (every five years) of needs and revenue including alternative funding sources.
  - Established legislative committee to develop funding proposal by January 15, 2008

# Status (continued)

- SF 2420 signed by Governor on April 22, 2008
  - Eliminated ‘use tax’ mechanism and replaced with an equivalent ‘fee for new vehicle registration fee’ that is constitutionally protected
  - Allocated revenue to TIME-21 Fund
    - Increase certain vehicle registration fees (grandfathered)
    - Increase trailer registration fees
    - Increase title fees
    - Generates an estimated \$115.3 million in FY 2012
  - Required DOT to conduct study of additional revenues necessary to reach at least \$200 million annually
  - Required DOT to conduct study of public transit improvements necessary to meet energy independence goals and needs of senior population

# TIME-21 Programming

- Estimated TIME-21 Revenue (goal \$200 million)
  - FY 2009: \$15.2 million
  - FY 2010: \$61.7 million
  - FY 2011: \$88.5 million
  - FY 2012: \$115.3 million
  - FY 2013: \$131.6 million
- TIME-21 Allocation to DOT (FY 2009 through FY 2013): \$247.3 million

# TIME-21 Programming

## State Projects

- TIME-21 projects programmed by the Transportation Commission October 14, 2008
  - US 20 in Sac County
  - US 30 in Marshall County
  - US 63 in Bremer County
  - US 169 in Webster/Humboldt Counties
  - I-380 in Black Hawk County
  - I-35 in Worth County
  - I-380 in Linn County
  - US 20 in Sac/Calhoun Counties\*
  - US 34 in Mills County\*

\* TIME-21 funded project already approved and in the 2009-2013 Iowa Highway Program

# TIME-21 Funding Analysis

- Submitted to legislature December 31, 2008
- Reevaluation of recent trends
  - Large and aging system
  - Increasing demands
  - Flattening revenue
  - Increasing construction cost inflation rate
- Reevaluation of critical needs
- Identification of TIME-21 funding shortfall
- Assessment of balance of revenue from Iowa and out-of-state drivers.

# Revaluation of Recent Trends

- Some of Iowa's infrastructure rankings are dropping even before considering the past year's winter and flooding impacts.
- Impact of severe weather
  - Immediate damage to infrastructure
  - Deferred maintenance due to shift in operational activities to address weather impacts.
  - Unquantifiable loss of useful life due to underlying damage to infrastructure

# Reevaluation of Recent Trends

- Overall traffic has decreased slightly yet truck traffic has continued to increase.
- FY 2009 RUTF revenue (not including TIME-21 revenue) expected to decrease over FY 2008 levels due to decrease in fuel tax and 'fee for new vehicle registration' revenue.
- Construction costs have increased 26 percent since the 2006 RUTF study was published December 2006.
- FY 2008 RUTF revenue had less than 69 percent of the buying power of FY 1997 RUTF revenue.

# Reevaluation of Critical Needs

- Original critical need level from 2006 RUTF Study: \$200 million per year
  - Shortfall in FY 2012 based on forecast TIME-21 funding level: \$84.7 million
- Updated critical need level: \$267 million per year
  - Shortfall in FY 2012 based on forecast TIME-21 funding level: \$151.7 million
  - Additional annual funding necessary to eliminate cumulative TIME-21 funding shortfall by FY 2018: \$169.6 million



# Analysis of Fees Paid by Iowa Drivers and Out-of-State Drivers

	2007 Vehicle Miles of Travel	Estimate of RUTF Revenue
Iowa drivers	80 percent	87 percent
Out-of-state drivers	20 percent	13 percent

# TIME-21 Funding Analysis Recommendation

- Additional funding be generated to secure a total of \$267 million in annual TIME-21 revenue by FY 2012